LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS

301 State House
(317)232-9855

ADMINISTRATIVE RULE
FISCAL IMPACT STATEMENT

PROPOSED RULE: 04-319 **DATE PREPARED:** Mar 23, 2005
STATE AGENCY: Office of Medicaid, Policy and Planning **DATE RECEIVED:** Feb 10, 2005

FISCAL ANALYST: Sarah Brooks
PHONE NUMBER: 317-232-9559

Digest of Proposed Rule: This rule:

(1) amends 405 IAC 2-9-5 to require that an individual have earned income that exceeds the $65 per month earned income disregard in order to be considered employed for the purposes of the Medicaid for Employees with Disabilities (M.E.D. Works) program and

(2) amends 405 IAC 2-2-3, requiring a person to have a disabling condition that has lasted or is expected to last for at least 12 months in order to qualify for Medicaid under the disabled category.

Governmental Entities: *State:* This rule places no unfunded mandates upon the state government.

(1) This rule could reduce expenditures for the Medicaid program in the amount of $1.2 M annually. Medicaid is jointly funded by the state and federal governments. The state share of program expenditures is approximately 38%. Medicaid medical services are matched by the federal match rate (FMAP) in Indiana at approximately 62%. Thus, total savings for the state would total approximately $440,000 annually.

Background Information: The Office of Medicaid Policy and Planning (OMPP) reports that in CY 2003, there were approximately 1,800 persons participating in the M.E.D. Works program for at least one month out of the year who did not have an earned income exceeding $65 per month.

Persons no longer eligible for the M.E.D. Works program would be transferred to the traditional Medicaid category and would incur a spend down. In CY 2003, the minimum income eligibility requirement for the traditional Medicaid program was a monthly income of $552 for an individual or $829 for a couple. Income standards are increased annually. A variety of variables may affect a spend down amount, including, but not limited to, monthly gross income and medical expenses. Data was analyzed for the aforementioned 1,800 persons which considered each month that a person was enrolled in the program, what the person's monthly income and medical expenses were, and subsequently what the person's spend down for each month would be. Total savings for the state, which includes spend down savings for all 1,800 persons for CY 2003, are $440,000 annually.

(2) Current statute (IC 12-14-15-1), enacted in July of 2003, set forth requirements for disabled persons to be eligible for the Medicaid program. The requirements of this rule mirror those in IC 12-14-15-1. The OMPP has required compliance with IC 12-14-15-1 since it was enacted. The rule codifies the FSSA rules

in accordance with the FSSA current practice and Indiana statute. The rule creates no change in expenditures or revenues for the state.

Local: This rule places no unfunded mandates upon any local government unit.

Regulated Entities: Some Medicaid recipients will be placed in the regular Medicaid Program and, as a result, be required to spend down some of their income to gain eligibility. The reduced expenditures to the Medicaid Program are estimated to be $1,175,000 annually, which would be the aggregate amount of spend down paid by recipients.

Information Sources: Rick VanDyke, OMPP, 233-5043; Andrea Vermeulen, OMPP, 234-2129.